

Message Text

CONFIDENTIAL

PAGE 01 BRASIL 08604 141152Z

13

ACTION OES-04

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FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC IMMEDIATE 6427

INFO AMEMBASSY BONN PRIORITY

AMCONSUL RIO DE JANEIRO

C O N F I D E N T I A L BRASILIA 8604

E.O.11652: GDS

TAGS: TECH, GW, BR

SUBJECT: SALE OF FRG NUCLEAR TECHNOLOGY TO BRAZIL

REF: STATE 248896

1. RE PARA 3 REFTTEL, WE CANNOT CONFIRM WHETHER OR NOT BRAZIL HAS SIGNED NUCLEAR AGREEMENT WITH FRG. HOWEVER, IN CONVERSATION WITH THE SECRETARY GENERAL OF THE MINISTRY OF MINES AND ENERGY ON NOVEMBER 13 ON ANOTHER SUBJECT, EMBOFF RAISED SUBJECT OF GOB NUCLEAR PROGRAM BY NOTING RECENT PRESS STATEMENT BY SECRETARY GENERAL IMPLYING GOB WAS LEANING TOWARD NUCLEAR ARRANGEMENT WITH WEST GERMANY. SECRETARY GENERAL SAID GOB IS STILL STUDYING A RANGE OF ALTERNATIVES FOR NUCLEAR PROGRAM AND THAT, WHILE CENTRIFUGE AND NOZZLE PROCESSES ARE STILL IN EXPERIMENTAL STAGE, THESE ARE OPTIONS THAT GOB IS SERIOUSLY CONSIDERING. HE SAID WESTINGHOUSE INABILITY TO PROMISE ENRICHMENT TECHNOLOGY AND INITIAL RELUCTANCE TO PARTICIPATE IN DEVELOPMENT OF DOMESTIC NUCLEAR COMPONENT INDUSTRY HAD LEFT A NEGATIVE IMPRESSION WITH MINISTER UEKI WHO DECIDED TO PURSUE ALTERNATIVE SOURCES. IN RESPONSE TO EMBOFF'S QUESTIONS AS TO WHEN BASIC DECISIONS WOULD BE TAKEN, SECRETARY GENERAL GAVE SOMEWHAT VAGUE REPLY, SAYING THIS

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 BRASIL 08604 141152Z

WOULD DEPEND ON CURRENT REORGANIZATION OF GOB NUCLEAR

AGENCIES (BRASILIA 8455). ALTHOUGH CONVERSATION REMAINED ON THE COMMERICAL ASPECTS OF THE NUCLEAR PROGRAM, SECRETARY GENERAL SEEMED FAIRLY RESPONSIVE AND EMBOFF DID NOT RECEIVE IMPRESSION THAT A FINAL AGREEMENT WITH FRG ON NUCLEAR PROGRAM HAD BEEN CONCLUDED.

2. AMBASSADOR WILL SEEK APPOINTMENT WITH MINISTER UEKI BUT UEKI IS OUT OF TOWN THIS WEEK ELECTIONEERING AND WILL BE LEAVING WITHIN THE NEXT FEW DAYS ON A TRIP TO THE MED-EAST. THERE IS SOME QUESTION AS TO HOW CANDID UEKI WOULD BE ON NUCLEAR SUBJECT, GIVEN DEMONSTRATED GOB SENSITIVITY ON THIS SUBJECT AND CONSTRAINTS ON US VIS-A-VIS GOB CREATED BY UNCERTAINTIES ABOUT REVISIONS IN BILATERAL. IN VIEW OF THESE UNCERTAINTIES ABOUT THE OUTCOME OF THE CHANGES IN THE BILATERAL WHICH MAY BE DIFFICULT FOR THE GOB TO ACCEPT, THERE IS IN OUR MIND, AND NO DOUBT IN THE GOB'S, A QUESTION ABOUT THE CONTINUING VALIDITY OF TE ASSURANCES CONTAINED IN THE AIDE-MEMOIRE (PARA 2 OF STATE 242423). WE REQUEST WASHINGTON'S COMMENT ON THIS CRITICAL POINT. FOR THESE REASONS, WE BELIEVE APPROACHES BY EMBASSY IN BONN MIGHT WELL BE MORE FRUITFUL. WE COULD ALSO APPROACH GERMAN AMBASSADOR HERE BUT WILL HOLD OFF PENDING WORD FROM DEPARTMENT.

3. EMBASSY HAS PREVIOUSLY REPORTED VARIOUS INDICATIONS OF STRONG GOB INTEREST IN CONTRACTING FOR ENRICHMENT CAPABILITY ON BRAZILIAN SOIL, INCLUDING APPROACH TO WESTINGHOUSE EARLIER THIS YEAR. IN CONVERSATION MENTIONED ABOVE WITH SECRETARY GENERAL OF MINES AND ENERGY, HE STATED FLATLY THAT PRIMARY GOB OBJECTIVE IS TO OBTAIN "ORE TO ENERGY" FUEL CYCLE CAPACITY WITHIN BRAZIL, INCLUDING URANIUM ENRICHMENT. HE SAID UNCERTAINTIES ABOUT THE ABILITY TO OBTAIN ENRICHMENT TECHNOLOGY WAS MAJOR FACTOR FOR GOB KEEPING FUTURE OPTIONS OPEN REGARDING OTHER TYPES OF REACTORS.

4. A PREVIOUS EMBASSY REPORTING HAS ALSO POINTED OUT, THERE IS GOOD REASONT TO BELIEVE THAT BRAZIL'S DESIRES FOR ENIRCHMENT TECHNOLOGY ON THEIR OWN SOIL DUE IN IMPORTANT DEGREE TO THEIR CONCERNS ABOUT UNRELIABILITY
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 BRASIL 08604 141152Z

OF US AS SUPPLIER, AND THIS CONCERN STEMS FORM GOB UNCERTAINTIES ABUT RENEWAL OF OUR BILATERAL AGREEMENT AND, IN PARTICULAR, WHAT KIND OF NEW SAFEGUARDS WE MIGHT REQUIRE IN IT.
CRIMMINS

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